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SUBJECT: SEOUL - PRESS BULLETIN; October 30, 2009

TOP HEADLINES

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Chosun Ilbo, Dong-a Ilbo, Hankook Ilbo, Hankyoreh Shinmun, Segye Ilbo, Seoul Shinmun, All TVs  
Constitutional Court Rules Media Reform Bills Valid; Court, However, Says Voting Process was Flawed

JoongAng Ilbo  
National Intelligence Service Chief Pinpoints N. Korea's Postal Service as Source of DDos Cyber Attacks in July

DOMESTIC DEVELOPMENTS

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Foreign Minister Yu Myung-hwan said yesterday that the ROKG will send 200 troops and 50 police officers to Afghanistan to protect Korean civilian workers in the region. He added that the plan will be finalized after a government fact-finding team completes its on-site investigation next month. (Hankyoreh)

INTERNATIONAL NEWS

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On Oct. 28, President Obama signed a defense authorization bill that calls for the Administration to submit a report to Congress on whether to relist North Korea as a state sponsor of terrorism. Accordingly, the Obama Administration should submit to Congress a detailed report on the conduct of North Korea within the next 30 days. (JoongAng)

According to North Korea's official Korean Central News Agency, Chinese President Hu Jintao invited North Korean leader Kim Jong-il to visit China when he met in Beijing on Oct. 28 with the Secretary of the North's Workers' Party. There is speculation that the reclusive North Korean leader may visit China within the year. (JoongAng, Dong-a)

According to Japan's Yomiuri Shimbun, the U.S. and North Korea agreed that Special Representative for North Korea Policy Stephen Bosworth would make a trip to North Korea late next month.

(JoongAng, Dong-a, Hankook, Hankyoreh, Segye, Seoul, all TVs)

## MEDIA ANALYSIS

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### -N. Korea

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Most media replayed an Oct. 29 report by Japan's Yomiuri Shimbun that the U.S. and North Korea agreed that Special Representative for North Korea Policy Stephen Bosworth would make a trip to North Korea late next month. Media reports that this agreement was reached during the Oct. 24 meeting in New York between Sung Kim, Special Envoy for the Six-Party Talks and Ri Gun, Director General of American Affairs at North Korea's Foreign Ministry.

All TV networks, however, reported that the U.S. denied this report, quoting State Department Spokesman Ian Kelly as saying: "There was no agreement for a specific bilateral meeting, no agreement to make any announcement of that sort either."

### -U.S. Economy

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The U.S. Economy's 3.5 percent growth in the third quarter received wide press coverage. Most media hailed it as the first positive growth since the financial crisis.

SEOUL 00001727 002 OF 002

Conservative Chosun Ilbo's sub-head read: "Growth Comes as 'Surprise' ... However, It is Too Early to Feel Relieved." Right-of-center JoongAng Ilbo editorialized: "The U.S. economy remains fraught with challenges. In addition to the bursting of the housing bubble, the default rate on commercial mortgages held by small and mid-sized U.S. banks is serious. The U.S. unemployment rate, which is reaching 10 percent, continues to hamper consumer spending. ... Some observers even argue that additional public funds should be injected into General Motors (GM). When the U.S. economy is teetering, it inevitably has an adverse impact on the ROK. ... Once the 'Cash for Clunkers' program ended in the U.S., Hyundai and Kia's local sales for September plunged 47 percent from the previous month."

## OPINIONS/EDITORIALS

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We Pay Attention to Possibility of "Double-Dip" Recession in U.S.  
(JoongAng Ilbo, October 30, 2009, Page 46)

The prospect of U.S. economy is becoming uncertain again. With the economic stimulus package nearing expiration, the possibility of a "double-dip" is looming large. New home sales fell again after six months of increases. The housing market is reeling even before the 8,000 dollars tax credit for first-time home buyers expires at the end of November. The U.S. car industry is suffering similar difficulties. As the "Cash for Clunkers" program which offered 4,500 dollars for a new vehicle ended in late August, U.S. auto sales began to plunge dramatically. U.S. auto sales in September declined 22.7 percent from the same period of last year.

The U.S. economy remains fraught with challenges even though the 787 billion dollar stimulus package has paid off temporarily. In addition to the bursting of the housing bubble, the default rate on commercial mortgages held by small and mid-sized U.S. banks is serious. The U.S. unemployment rate, which is reaching 10 percent, continues to hamper consumer spending. Restructuring efforts also have been insufficient. Some observers even argue that additional public funds should be injected into General Motors (GM). When the U.S. economy is teetering, it inevitably has an adverse impact on the ROK. The situation of Hyundai and Kia Motors is a case in point. Once the "Cash for Clunkers" program ended in the U.S., Hyundai and Kia's local sales for September plunged 47 percent from

the previous month.

Columbia University Professor Joseph Stiglitz said during his recent visit to the ROK, "The global economic crisis is not over yet, and there is a long way to go." From the U.S. economy, which is staggering once again, we can learn how difficult it is to achieve a "self-sustaining and sustainable economy." Providing housing and automobile subsidies for economic stimulus is only a temporary stopgap measure. It simply advances future demands, and its long-term effects are limited. The ROKG should first reexamine the effect of the extraordinary steps and fiscal spending which it has employed so far. The Bank of Korea also needs to take a more cautious approach toward exit strategies, including an interest rate hike. If we are complacent about our higher-than-expected economic growth and largest current account surplus in history, we could be caught off guard once again as we were at the end of last year.

STEPHENS